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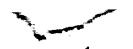
SECRET

DCI BRIEFING

16 May 1961

INDONESIA

- I. President Sukarno has imposed a system of "guided democracy" which exalts executive power and reduces legislative organs to a rubber stamp role.
 - A. Sukarno's major support comes from two elements which he maintains in uneasy balance --from the 240,000-man army, which is under antifrom Communist leadership, and/a well-organized Communist party with claimed membership of 1 1/2 million.
- II. Indonesia has contracted for \$1.25 billion in bloc aid since 1956 and ranks second among recipients of bloc assistance.
 - A. Over two-thirds of this amount has been provided since February 1960, most of it by Moscow.
 - B. Military aid accounts for over 60 percent of bloc assistance.
- III. Sukarno's major objectives are the accession of Netherlands New Guinea, economic development and national unity.
 - A. He is pursuing his claim to New Guinea through diplomacy, a Sovietsupplied military build-up, and small-scale infiltrations into the area.
 - B. Sukarno hopes to diversify and expand Indonesia's economy through long-term economic development and by nationalizing foreign investment as rapidly as feasible.
 - 1. He has inaugurated Eight-Year Economic Development Plan (1961-69), extent of which is still indefinite, which he hopes to finance largely through foreign assistance and through taxation of foreign investment.



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- C. The Indonesian army has set 1962 as a target date for the eradication of guerrilla warfare throughout the country by militant Moslem and organization Darul Islam'/ insurgent provincial group--Federal Republic of Indonesia (RPI).
 - 1. Government will probably effect surrender of most RPI units this year, but Darul Islam, with some 4,000 guerrillas concentrated in West Java, is likely continue active.
- IV. Sukarno is midway on a two and a half month global tour, which includes Washington, Moscow, and Peiping.
 - A. Although Sukarno primarily seeks diversion, he is incidentally discussing his New Guinea claim and his Eight Year Plan.